



# House of Representatives

## File No. 778

General Assembly

January Session, 2005

**(Reprint of File No. 173)**

Substitute House Bill No. 6499  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 19, 2005

### **AN ACT CONCERNING CERTAIN PUBLIC INVESTMENT COMMUNITIES AND ENTERPRISE CORRIDOR ZONES.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Subsection (b) of section 4-66g of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2005*):

4 (b) The proceeds of the sale of said bonds, to the extent of the  
5 amount stated in subsection (a) of this section, shall be used by the  
6 Office of Policy and Management for a Small Town Economic  
7 Assistance Program the purpose of which shall be to provide grants-  
8 in-aid to any municipality which (1) is not economically distressed  
9 within the meaning of subsection (b) of section 32-9p, does not have an  
10 urban center in any plan adopted by the General Assembly pursuant  
11 to section 16a-30 and is not a public investment community within the  
12 meaning of subdivision (9) of subsection (a) of section 7-545, and (2)  
13 has a population, as defined in subdivision (27) of section 10-262f,  
14 under thirty thousand. Such grants shall be used for purposes for  
15 which funds would be available under section 4-66c. No municipality

16 may receive more than five hundred thousand dollars in any one fiscal  
17 year under said program. Notwithstanding the provisions of this  
18 subsection and section 4-66c, a municipality that is a public investment  
19 community within the meaning of subdivision (9) of subsection (a) of  
20 section 7-545 and otherwise eligible under this subsection for the Small  
21 Town Economic Assistance Program may elect to be eligible for said  
22 program in lieu of being eligible for financial assistance under section  
23 4-66c, by a vote of its legislative body or, in the case of a municipality  
24 in which the legislative body is a town meeting, its board of selectmen,  
25 and submitting a written notice of such vote to the Secretary of the  
26 Office of Policy and Management. Any such election shall be for the  
27 four-year period following submission of such notice to the secretary  
28 and may be extended for additional four-year periods in accordance  
29 with the same procedure for the initial election.

30 Sec. 2. Section 32-80 of the general statutes is repealed and the  
31 following is substituted in lieu thereof (*Effective July 1, 2005*):

32 (a) As used in this section:

33 (1) "Commissioner" means the Commissioner of Economic and  
34 Community Development.

35 (2) "Public investment communities" shall have the same meaning  
36 as "public investment communities", as defined in section 7-545.

37 (3) "Distressed municipality" shall have the same meaning as  
38 "distressed municipality", as defined in section 32-9p.

39 (4) "Eligible municipality" means a municipality that is a distressed  
40 municipality and a public investment community, has a population of  
41 not more than forty thousand, has an unemployment rate that is more  
42 than the unemployment rate of the state, and for which the per capita  
43 income is less than the per capita income of the state.

44 (5) "Unemployment rate" means the average unemployment rate of  
45 a municipality or the state, as the case may be, as reported by the

46 Labor Commissioner on the preceding July first for the latest available  
47 twelve-month period.

48 (6) "Per capita income" means the average per capita income of a  
49 municipality or the state, as the case may be, that is enumerated in the  
50 most recent (A) federal decennial census of population, or (B) current  
51 population report series issued by the United States Department of  
52 Commerce, Bureau of the Census available on the preceding January  
53 first, whichever is most recent.

54 (b) (1) [The] Before the effective date of this section, the legislative  
55 bodies of three or more contiguous municipalities, each of which is a  
56 public investment community and has a population of not more than  
57 sixty thousand, and at least fifty per cent of which municipalities are  
58 located along the same interstate highway, limited access state  
59 highway or intersecting interstate or limited access state highways,  
60 may, with the approval of the commissioner, designate industrial  
61 districts in such municipalities as an enterprise corridor zone. (2) On or  
62 after the effective date of this section, the legislative bodies of two or  
63 more contiguous eligible municipalities, at least one of which is located  
64 along an interstate highway, limited access state highway or  
65 intersecting interstate or limited access state highways and is  
66 designated as a regional center in the locational guide map included in  
67 the state plan of conservation and development adopted pursuant to  
68 chapter 297, may, with the approval of the commissioner, designate  
69 such municipalities as an enterprise corridor zone.

70 (c) Municipalities seeking the approval of the commissioner for such  
71 designation shall execute an intermunicipal agreement specifying how  
72 they would cooperatively share in the marketing, promotion and  
73 development of the industrial districts that would comprise the  
74 enterprise corridor zones, and shall file with the commissioner a  
75 preliminary application which includes such executed agreement. Not  
76 later than sixty days after receipt of such preliminary application, the  
77 commissioner shall indicate to the municipalities, in writing, any  
78 recommendations for improving the municipalities' application. Not

79 later than sixty days after receipt of the commissioner's written  
80 response, the municipalities shall file a final application with the  
81 commissioner.

82 (d) The commissioner shall approve the designation of at least two  
83 areas as enterprise corridor zones. The commissioner may remove the  
84 designation of any area he has approved as an enterprise corridor zone  
85 if such area no longer meets the criteria for such designation, provided  
86 no such designation shall be removed less than ten years [from the  
87 date of approval of such zone] after the date that such area no longer  
88 meets such criteria.

89 (e) Businesses located within an enterprise corridor zone shall be  
90 entitled to the same benefits, subject to the same conditions, under the  
91 general statutes for which businesses located in an enterprise zone  
92 qualify.

93 (f) The commissioner may adopt regulations in accordance with the  
94 provisions of chapter 54 to carry out the purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	4-66g(b)
Sec. 2	July 1, 2005	32-80

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Treasurer, Debt Serv.	GF - Cost	Potential	Potential
Various State Agencies	Various - Cost/Revenue Loss	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:**

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Revenue Impact	Potential	Potential

### **Explanation**

The bill has no immediate fiscal impact because it does not authorize additional General Obligation (GO) bonds for either the Urban Action Program or the Small Town Economic Assistance Program (STEAP.) However, to the degree that this causes GO bond funds to be expended more rapidly than they otherwise would have been, there will be an increase in debt service costs in future years. The unallocated balance for the Urban Action Program as of 3/31/05 is \$55.8 million. There is no current unallocated balance for the STEAP program.

The bill will result in a revenue gain to Public Investment Community towns to the degree that the towns are more likely to receive funding under the STEAP program rather than the Urban Act Program.

The bill potentially expands the enterprise corridor zone designation to Winsted and Torrington and potentially extends for additional years the enterprise corridor zone designation to currently

eligible municipalities (Ansonia, Beacon Falls, Derby, Naugatuck, Seymour, Griswold, Killingly, Lisbon, Plainfield, Putnam, Sprague, Sterling, and Thompson.) This could result in a cost to the state and a revenue loss to the state and eligible municipalities if it provides financial incentives for business activity, which would have occurred without the incentives, but the amount cannot be determined. Financial incentives available include a loan program, a corporation business tax credit, an 80% property tax abatement (a 50% PILOT to the towns), a sales tax exemption for manufacturing equipment replacement parts, the jobs grant incentive program, and a real estate conveyance tax exemption.

House "A" concerns the expansion and extension of enterprise corridor zones and adds the associated fiscal impact stated above.

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**OLR Bill Analysis**

sHB 6499 (as amended by House "A")\*

**AN ACT CONCERNING CERTAIN PUBLIC INVESTMENT COMMUNITIES****SUMMARY:**

This bill provides a way for towns to continue qualifying for Small Town Economic Assistance Program (STEAP) grants when they no longer meet all the one of the program's eligibility criteria. A town qualifies for STEAP if it has fewer than 30,000 people and the state has not designated the entire town as a distressed municipality or public investment community (PIC) or part of the town as an urban center. The bill applies to towns that become ineligible for STEAP grants only because the state designated them a PIC.

The bill tightens the criteria for designating enterprise corridor zones, which are state-designated areas where manufacturers and other specified businesses qualify for property tax abatements and business tax credits for developing facilities and creating jobs.

The bill also changes the point in time when the economic and community development commissioner can remove an enterprise corridor zone designation. Current law allows him to do so 10 years after he approved the designation if any of the participating towns no longer meet the designation criteria. The bill instead lets him remove the designation 10 years after the date any of the towns no longer meet the criteria.

\*House Amendment "A" changes the criteria for designating enterprise corridor zones and the point in time when the commissioner can remove a zone designation.

EFFECTIVE DATE: July 1, 2005

**PIC TOWNS**

The bill allows towns to continue qualifying for STEAP grants after the

state designates them a PIC. By law, a town becomes ineligible for these grants when its population exceeds 30,000 people, the state designates part of the town as an urban center or the state designates the entire town as a distressed municipality or PIC. (But these designations also qualify towns for Urban Act grants.) The state designates urban centers every five years when it updates the State Plan of Conservation and Development. It designates distressed municipalities and PICs annually.

The bill applies to towns that become ineligible for STEAP only because the state designated them a PIC. It lets these towns decide if they want to qualify for Urban Act or STEAP grants. A town may choose to continue qualifying for STEAP grants only if its legislative body or the board of selectmen (if that body is a town meeting) approves and the town notifies the Office of Policy and Management (OPM) secretary about the decision. The town qualifies for STEAP grants for four years and may qualify for additional four-year periods in the same manner.

Urban Act and STEAP grants fund housing, transportation, economic development, environmental protection, and social service projects. But the Urban Act's criteria are weighted more toward developed, economically distressed towns. The criteria include the PIC designation, which OPM determines annually based on social and economic statistics.

## **ENTERPRISE CORRIDOR ZONES**

The bill changes the criteria for designating enterprise corridor zones. Under current law, the legislative bodies of three or more contiguous towns can, with the economic and community development commissioner's approval, designate industrial areas within each town as corridor zones if the towns meet the following criteria:

1. each town is a PIC and has fewer than 60,001 people and
2. at least half of the towns are located along the same interstate highway, limited access state highway, or intersecting intrastate or limited access state highways.

Under the bill, the legislative bodies of two or more contiguous towns can, with the commissioner's approval, designate the entire towns as

corridor zones if each town meets the following criteria:

1. PIC and a distressed municipality;
2. fewer than 40,001 people;
3. has an average unemployment rate that exceeds the state's average rate, as reported by the labor commissioner on the preceding July 1 for the most recent 12-month period; and
4. has an average per capita income that is less than the state's average per capita income according to the last census or the U.S. Census Bureau's population report for the preceding January 1, whichever is most recent.

In addition, at least one of the towns must be located along an interstate highway, limited access state highway, or intersecting interstate or limited access state highways. And, at least one has been designated a regional center on the State Plan of Conservation and Development's locational guide map. (Torrington and Winstead qualify for enterprise corridor zone designation under the bill's criteria.)

## BACKGROUND

### *Public Investment Communities*

PIC is a designation that identifies fiscally distressed towns. OPM scores and ranks all towns based on residents' income, tax base and tax rates, the share of residents who are unemployed, and the share who receive temporary family assistance. It then designates the 42 towns in the top quartile as PICs. The designation serves as an eligibility criterion for Urban Act grants, community economic development loans, residential mortgage guarantees, malpractice insurance assistance, and enterprise corridor zone designations. Table 1 below lists the 2005 PIC towns.

**Table 1: 2005 PIC Towns**

Ansonia	East Haven	Meriden	Plainfield	Stratford
Bloomfield	Enfield	Middletown	Plainville	Thomaston
Bridgeport	Griswold	Naugatuck	Plymouth	Thompson
Bristol	Hamden	New Britain	Putnam	Torrington

Chaplin Derby East Hampton East Hartford	Hampton Hartford Killingly Manchester	New Haven New London Newington Norwich	Seymour Sprague Stafford Sterling	Vernon Waterbury West Haven Winchester Windham Windsor
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### ***Distressed Municipalities***

The economic and community development commissioner annually designates distressed municipalities based on demographic and economic indicators. The designation serves as a criterion for qualifying projects for open space, brownfield remediation, and Urban Act funding. The commissioner has not designated the 2005 distressed municipalities but the ones for 2004 are listed in the Table 2 below.

**Table 2: Distressed Municipalities**

Ansonia Bridgeport Bristol Derby East Hartford	East Windsor Enfield Hartford Killingly Meriden	Naugatuck New Britain New Haven New London Norwich	Plainville Plymouth Putnam Sprague Torrington	Vernon Waterbury West Haven Winchester Windham
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### ***Enterprise Corridor Zones***

The economic and community development commissioner designated the two current enterprise corridor zones in 1995. They are:

1. the Route 8 zone, consisting of Ansonia, Beacon Fall, Derby, Naugatuck, and Seymour; and
2. the Interstate 395 zone, consisting of Griswold, Killingly, Lisbon, Plainfield, Putnam, Sprague, Sterling, and Thompson.

### ***Legislative History***

On April 8, the House referred the bill to the Planning and Development Committee, which reported it favorably on April 13. On May 26, the House referred the bill to the Finance, Revenue and Bonding Committee, which reported it favorably on May 3.

### **COMMITTEE ACTION**

Commerce Committee

Joint Favorable Report

Yea 21 Nay 0

Planning and Development Committee

Joint Favorable Report

Yea 15 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 41 Nay 4